

March 30, 2004

Docket No. R-1181
Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave, NW
Washington, D.C. 20551

Dear Madam:

COUNTY CORP urges you to withdraw the proposed changes to the community Reinvestment Act (CRA) regulations. CRA has not been significantly modified in ten years. Do not start now. The original goal of CRA, to ensure that credit needs are being met in all communities, is as important now as it was in 1970s.

COUNTY CORP is based in Dayton, Ohio and our concern is that our neighbors will suffer more at the hands of predatory lenders should the proposed CRA changes be enacted. In the City of Dayton alone predatory lending has led to skyrocketing foreclosure rates. One in four residents has faced foreclosure in four separate zip codes. The same neighborhoods who prior to CRA suffered from no loans, now suffer from bad loans.

The proposed CRA change that contains the anti-predatory screen will have the reverse affect of its intention by increasing abusive lending. The proposed standard states that loans based on the foreclosure value of the collateral, instead of the ability of the borrower to repay, can result in downgrades in CRA ratings. The asset-based standard falls short because of what it does not address. In short, the proposed changes do not address some of the worst practices by predators such as exorbitantly high fees, prepayment penalties, loan flipping, and others.

The proposed changes regarding streamlined exams would reduce the rigor of CRA exams for over a thousand banks and more than \$387 billion in assets effectively reducing access to banking services and capital for undersewed communities. Eliminating the investment and service tests for these banks would prove a disincentive to the provision of affordable housing through the Low Income Housing Tax Credits (LIHTC). Montgomery County and City of Dayton communities which we serve have greatly benefited from the housing made possible through LIHTC. Through LIHTC projects we have seen the development of well over 500 safe and decent units of housing affordable for families below 60% of the area median income. Further, eliminating accountability by banks for branches, checking accounts, IDAs, and debit card services will diminish the effectiveness of housing and community development programs.

The enhanced data disclosure provision to publicly report the specific census tract location of small businesses receiving loans will improve general knowledge of how well a bank is serving traditionally neglected neighborhoods. COUNTY CORP would like to see this information be utilized to make CRA exams stronger. Data enhancements would become more meaningful if the agencies update procedures regarding assessment areas, affiliates, and the treatment of high cost loans and purchases on CRA exams.

The proposed changes are contrary to the CRA statute because they will halt progress made in community reinvestment. Bank investments and services will be reduced. COUNTY CORP's mission is to promote affordable home ownership and encourage economic development in the Miami Valley region. The CRA has been instrumental in helping us achieve this mission by increasing access to homeownership, boosting economic development, and expanding small businesses in the nation's minority, immigrant, and low-and moderate-income communities. Please withdraw the proposed changes to the CRA.

Thank you,

A handwritten signature in black ink, appearing to read "Marlene J. Flagel", is written over a light gray rectangular background.

Marlene J. Flagel
President